

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6920

BILL NUMBER: HB 1128

NOTE PREPARED: Feb 14, 2012

BILL AMENDED: Jan 23, 2012

SUBJECT: Corn Marketing Council.

FIRST AUTHOR: Rep. Lehe

FIRST SPONSOR: Sen. Gard

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *E-85 Reimbursement Program*: This bill repeals provisions concerning deductions to retail merchants under the E-85 reimbursement program.

Corn Marketing Council: The bill amends the definition of "producer" for purposes of the corn marketing laws. It adds a requirement that a producer has had an assessment in the previous two years to qualify as a member on the Corn Marketing Council. It changes the date that a petition for candidacy to the Council may be filed. The bill also provides that the Council operates on a fiscal year. (Current law requires the Council to operate on a state fiscal year.)

Administrative Expenses: The bill establishes a formula to determine the maximum administrative expenses of the Council. It provides that the cost of processing refunds and applying for grants are not administrative expenses.

Assessments: The bill requires a first purchaser of corn to remit the assessment when payment is received. It provides that a first purchaser that is not subject to assessment is to sign and date an exemption form.

Assessment Refund Schedule: The bill also establishes an assessment refund schedule based upon the amount owed, and it makes a technical change.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Administrative Expenses* This bill establishes a formula to determine the

maximum administrative expenses for the Council. The formula is based on the total amount of assessments, grants and gifts received during the previous five fiscal years, excluding the lowest and highest years, divided by 10. This formula would be helpful for the Council for planning purposes.

Since the Corn Marketing Council has only existed since 2008, the following table provides the total checkoff assessments for the Council's fiscal years 2008 through 2011.

Corn Marketing Council Fiscal Year (October - September)	Total Assessments
2008	\$4.3 M
2009	\$3.9 M
2010	\$4.4 M
2011	\$4.6 M

The Council expended about \$230,000 in administrative expenses for their fiscal year ending September 30, 2011.

The bill also excludes the cost of processing refunds and applying for grants from administrative expenses, which would provide more funding for administrative expenses. Processing costs about \$8 per refund when taking into account employee time, filing, and mailing costs. During the Council's fiscal year 2011, about 2,835 refunds were processed, bringing the cost of processing refunds to about \$20,000.

Assessment Refund Schedule: The bill also provides an assessment refund schedule based upon the amount owed. Refunds exceeding \$25 would be remitted within 30 days of receiving the producer's completed application and proof of assessment. Amounts of \$25 or less would be remitted semiannually. This schedule could help streamline the process of remitting refunds.

Explanation of State Revenues: *E-85 Sales Tax Deduction:* This bill repeals the E-85 reimbursement program. This provision would have no impact on Sales Tax revenues. Current statute allows a retail merchant to deduct from Sales Tax the amount equal to \$0.18 per gallon of E-85 sold by the merchant. The total deduction is limited to \$500,000. Reimbursement for the Sales Tax deduction comes from Corn Marketing Council.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Corn Marketing Council.

Local Agencies Affected:

Information Sources: Anna McConnell, Corn Marketing Council, 317-347-3620.

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